



Defendants Ramona Marie De Santiago ("Santiago"), minor ("KMDS"), minor ("KJDS"), Sarai Noemi Hernandez ("Hernandez"), Alfred Ortiz ("Ortiz"), Jesse Basquez ("Basquez"), Edward Ortiz ("E. Ortiz"), Anthony Ortiz ("A. Ortiz"), and Michael Garza ("Garza") regarding UNUM Group Life Insurance Policy NO. 951071 ("Policy") for \$400,000.00 in basic life benefits issued to Barbara Basquez ("Decedent") by her employer, Pechanga Band of Luiseno Mission Indians ("Employer"). Compl. ¶¶ 3, 4, 8, ECF No. 1. While the four Defendants who are the named beneficiaries on the Policy (Santiago, KMDS, KJDS, and Hernandez) have filed Answers [11-14], the other five Defendants (Ortiz, Basquez, E. Ortiz, A. Ortiz and Garza) have not filed a responsive pleading. Mots. for Default Judgment 1:24-28; 2:1-3, ECF No. 38-42. Presently before the Court are Plaintiff's five separate Motions for Default Judgment [38-42] against only the five Defendants (Ortiz, Basquez, E. Ortiz, A. Ortiz, and Garza) who have not filed a responsive pleading.

UNUM is a corporation organized and existing under the laws of the State of Maine, with its principal place of business in Portland, Maine. Compl. ¶ 2. Defendants, Santiago, KMDS, KJDS, and Hernandez are citizens and residents of Los Angeles County, State of California. Id. at ¶ 3. Defendants Ortiz, Basquez, E. Ortiz, A. Ortiz, and Garza are citizens and residents of Riverside County, State of California. Id. at ¶ 4.

1 Decedent was insured under the Policy issued by  
2 Employer for \$400,000.00 in basic life benefits. Imber  
3 Decl. ¶ 2 & Ex. 1, ECF No. 43. Decedent designated  
4 Defendants Santiago, KMDS, KJDS, and Hernandez as  
5 primary beneficiaries of the Policy through Employer's  
6 plan administrator. Compl. ¶ 9; Imber Decl., Ex. 2.  
7 Each of the four named beneficiaries were assigned 25%  
8 of the benefits. Compl. ¶ 9; Imber Decl., Ex. 2 at 10.

9 Decedent died on May 18, 2013 in Riverside County,  
10 California. Compl. ¶ 10. On July 16, 2013, UNUM paid  
11 the Policy benefits into retained asset accounts for  
12 Santiago, KMDS, KJDS, and Hernandez pursuant to the  
13 Notice of Claim and the Beneficiary Designation  
14 provided by Employer. Id. ¶ 11. On July 22, 2013,  
15 UNUM was contacted by telephone by counsel for Alfred  
16 Ortiz and was informed that Defendant Ortiz was  
17 asserting a competing claim to the Policy benefits.  
18 Id. ¶ 12. UNUM soon thereafter received a letter from  
19 Defendant Ortiz's counsel, stating that it was "the  
20 position of at least two of [Decedent's] children,  
21 Jesse J. Basquez and Alfred Ortiz, that [Decedent]  
22 lacked capacity at the time of the designation of  
23 beneficiaries on this policy" and requesting that UNUM  
24 not distribute the benefit monies, but hold the monies  
25 "in an account until this dispute is investigated."  
26 Imber Decl., Ex. 3; see Compl. ¶ 12. When UNUM learned  
27 of the competing claims, a hold was placed on the  
28 retained asset accounts. Compl. ¶ 12.

1 On August 12, 2013, UNUM sent letters to Defendants  
2 Santiago, KMDS, KJDS, Hernandez, and Ortiz, directly or  
3 through their representatives, confirming the  
4 continuing competing claims and stating that, since  
5 UNUM was unable to identify the rightful beneficiary,  
6 UNUM would proceed with filing an interpleader  
7 complaint if the parties could not reach an agreement.  
8 Compl. ¶ 14. Believing that Defendants have not and  
9 will not come to an agreement as to their competing  
10 claims to the Policy proceeds, UNUM filed its Complaint  
11 In Interpleader on November 19, 2013 [1]. See Compl. ¶  
12 15. On November 18, 2013, Plaintiff deposited with the  
13 Court \$402,093.15, "the total amount due and [owing]  
14 under the Policy" including accrued interest. Notice  
15 of Deposit of Interpleader Funds with Court, ECF No. 5.  
16 Plaintiff named Basquez, E. Ortiz, A. Ortiz, and Garza  
17 as Defendants in this matter because Plaintiff believes  
18 that Defendants Basquez, E. Ortiz, A. Ortiz, and Garza  
19 "may stand in the same position as competing claimant"  
20 Ortiz because Defendants Basquez, E. Ortiz, A. Ortiz,  
21 and Garza are Defendant Ortiz's siblings. Compl. ¶ 15.  
22 Plaintiff filed Proofs of Service for Defendants Ortiz  
23 [17], Basquez [18], E. Ortiz [24], and A. Ortiz [25],  
24 and filed Defendant Garza's Waiver of Service [6].

25 On February 24, 2014, Defendants Santiago,  
26 Hernandez, KJDS, and KMDS ("Non-defaulting  
27 Defendants")—the named beneficiaries on the Policy—  
28 filed Answers to the Complaint. Dckt. ## 11-14. On

1 February 26, 2014, Non-defaulting Defendants filed a  
2 Cross-Complaint [19] against only Defendant Ortiz.  
3 Defendants Ortiz, Basquez, E. Ortiz, A. Ortiz, and  
4 Garza have not filed a responsive pleading to date.  
5 Id. ¶ 12. On May 28, 2014, Plaintiff requested [35]  
6 the Clerk to enter default against Defendants Basquez,  
7 Garza, Ortiz, A. Ortiz, and E. Ortiz. On July 24,  
8 2014, the Clerk entered Default [37] against Defendants  
9 Ortiz, Basquez, E. Ortiz, A. Ortiz, and Garza.

10 Plaintiff filed the present Motions for Default  
11 Judgment against Defendants Ortiz [38], Basquez [39],  
12 E. Ortiz [40], A. Ortiz [41], and Garza [42] on  
13 September 20, 2014. The motions were set for hearing  
14 on October 29, 2014, and were taken under submission on  
15 October 22, 2014 [44].

## 16 II. LEGAL STANDARD

17 Default judgment is within the discretion of the  
18 district court. Aldabe v. Aldabe, 616 F.2d 1089, 1092  
19 (9th Cir. 1980); see Fed. R. Civ. P. 55. A party  
20 applying to the Court for default judgment must satisfy  
21 both procedural and substantive requirements. See  
22 Vogel v. Rite Aid Corp., 992 F. Supp. 2d 998, 1005-06  
23 (C.D. Cal. 2014). Procedurally, the requirements set  
24 forth in Federal Rules of Civil Procedure 55 and 56 and  
25 in Local Rule 55-1 must be met. Id. at 1006.  
26 Substantively, the Ninth Circuit has provided factors  
27 for a district court to consider when determining  
28 whether default judgment is proper, including whether

1 the plaintiff has sufficiently alleged a meritorious  
2 claim. Id. at 1005-07.

3 Additionally, "a district court has an affirmative  
4 duty to look into its jurisdiction over both the  
5 subject matter and the parties" prior to granting  
6 default judgment against a party who has failed to  
7 appear in the Action. In re Tuli, 172 F.3d 707, 712  
8 (9th Cir. 1999).

### 9 **III. ANALYSIS**

10 The Court has subject matter jurisdiction pursuant  
11 to 28 U.S.C. § 1332, as there is complete diversity of  
12 citizenship between Plaintiff UNUM and all Defendants,  
13 and the amount in controversy exceeds \$75,000.00. 28  
14 U.S.C. § 1332; Lee v. W. Coast Life Ins. Co., 688 F.3d  
15 1004, 1007 n.1 (9th Cir. 2012); Compl. ¶¶ 4-5.

16 The Court finds that personal jurisdiction is  
17 proper because Defendants Ortiz, Basquez, E. Ortiz, A.  
18 Ortiz, and Garza are all residents of California and  
19 were properly served. Compl. ¶ 4; Waiver of Service  
20 (Garza); Proofs of Serv., ECF No. 17, 18, 24, 25; Imber  
21 Decl., Ex. 5 (listing addresses of defaulting  
22 Defendants).

#### 23 **A. Procedural Requirements**

24 Upon reviewing Plaintiff's Motions [38-42], the  
25 Court finds that Plaintiff has satisfied the applicable  
26 procedural requirements for entry of default judgment.  
27 See Fed. R. Civ. P. 54, 55; C.D. Cal. Civ. L.R. 55-1;  
28 Mots. Def. J. 4 & Imber Decl., ECF No. 38-42.

1 **B. Substantive Factors**

2 Whether to grant or deny default judgment is a  
 3 matter within the court's discretion. Vogel, 992 F.  
 4 Supp. 2d at 1005. The Ninth Circuit established seven  
 5 factors, discussed below, to assist a court in  
 6 determining whether default judgment is substantively  
 7 appropriate. Eitel v. McCool, 782 F.2d 1470, 1472-73  
 8 (9th Cir. 1986). In evaluating a motion for default  
 9 judgment, a court deems the complaint's factual  
 10 allegations, other than those relating to the amount of  
 11 actual damages, to be true. Derek Andrew, Inc. v. Poof  
 12 Apparel Corp., 528 F.3d 696, 702 (9th Cir. 2008).

13 1. Prejudice to Plaintiff

14 The first factor considers the extent to which the  
 15 plaintiff will suffer prejudice if a default judgment  
 16 is not entered. Vogel, 992 F. Supp. 2d at 1007. Here,  
 17 Plaintiff has alleged that it has no way to determine  
 18 which of the parties possesses the true claim to the  
 19 Policy proceeds and, absent default judgment, Plaintiff  
 20 could be subjected to multiple and/or inconsistent  
 21 liabilities. Compl. ¶ 16. This factor weighs in favor  
 22 of default judgment. Vogel, 992 F. Supp. 2d at 1007.

23 2. & 3. Merits of Substantive Claim &  
 24 Sufficiency of Complaint

25 The second and third Eitel factors are analyzed  
 26 together and "require that plaintiff's allegations  
 27 state a claim on which [it] may recover." Vogel, 992  
 28 F. Supp. 2d at 1007.

1 Plaintiff is requesting rule interpleader pursuant  
2 to Fed. R. Civ. P. 22. Rule 22 states that "[p]ersons  
3 with claims that may expose the plaintiff to double or  
4 multiple liability may be joined as defendants and  
5 required to interplead." Fed. R. Civ. P. 22(1). In  
6 other words, "Rule 22(1) interpleader allows a party to  
7 join all other claimants as adverse parties when their  
8 claims are such that the stakeholder may be exposed to  
9 multiple liability." Gelfgren v. Republic Nat'l Life  
10 Ins. Co., 680 F.2d 79, 81 (9th Cir. 1982).

11 Plaintiff sufficiently alleges that Defaulting  
12 Defendants are "[p]ersons with claims that may expose"  
13 Plaintiff to "multiple liability." Plaintiff claims  
14 that Defendant Ortiz has a competing claim to the  
15 Policy benefits and that the other defaulting  
16 Defendants "may stand in the same position as competing  
17 claimant" Ortiz because Defendants Basquez, E. Ortiz,  
18 A. Ortiz, and Garza are Defendant Ortiz's siblings.  
19 Compl. ¶ 15. Plaintiff alleges that it has no interest  
20 in the proceeds, "does not know and cannot determine to  
21 whom the Policy proceeds rightfully should be paid,"  
22 and that "payment of the disputed proceeds to any of  
23 the defendants would subject UNUM to the risk of  
24 multiple and/or inconsistent liabilities." Id. ¶ 16.  
25 These two factors weigh in favor of default judgment.

#### 26 4. Sum of Money at Stake in Action

27 Default judgment is disfavored when a large amount  
28 of money is involved or is unreasonable in light of the



1 potential loss caused by the defendant's actions.  
2 Vogel, 992 F. Supp. 2d at 1012. Here, Plaintiff  
3 deposited \$ 402,093.15 with the Court. Plaintiff,  
4 however, is requesting only an Order stating that UNUM  
5 is released from any liability to the Defaulting  
6 Defendants with regard to the Policy at issue in this  
7 action. Thus, this factor is neutral. See, e.g.,  
8 Transamerica Life Ins. Co. v. Estate of Ward, No. 11-  
9 0433, 2011 WL 5241257, at \*4 (E.D. Cal. Oct. 31, 2011).

10 5. Disputed Material Facts

11 As Defaulting Defendants have failed to respond or  
12 appear in this action, this factor weighs in favor of  
13 default judgment. See, e.g., Vogel, 992 F. Supp. 2d at  
14 1012-13.

15 6. Excusable Neglect

16 There is no indication that Defendants have  
17 defaulted due to excusable neglect. Plaintiff properly  
18 served Defaulting Defendants, and to date, Defaulting  
19 Defendants have not appeared in this Action. This  
20 factor weighs in favor of default judgment. See  
21 MoroccanOil, Inc. v. Allstate Beauty Prods., Inc., 847  
22 F. Supp. 2d 1197, 1202 (C.D. Cal. 2012).

23 7. Policy Favoring Decisions on the Merits

24 While cases "should be decided upon their merits  
25 whenever reasonably possible," Eitel, 782 F.2d at  
26 1472, when, as here, a party fails to appear or respond  
27 in an action, default judgment may be the only just  
28 manner to remedy a violation of rights. See

1 MoroccanOil, 847 F. Supp. 2d at 1203. Because  
2 Plaintiff will be subjected to the risk of multiple  
3 liability absent default judgment, this factor weighs  
4 in favor of default judgment.

5 Balancing the Eitel factors, the Court finds that  
6 default judgment is proper.

7 **IV. CONCLUSION**

8 Based on the foregoing, the Court **GRANTS**  
9 Plaintiff's Motions for Default Judgment against  
10 Defendants Alfred Ortiz [38], Jesse Basquez [39],  
11 Edward Ortiz [40], Anthony Ortiz [41], and Michael  
12 Garza [42], and **GRANTS** the following relief:

13 UNUM is HEREBY released, discharged and forever  
14 acquitted of and from any and all liability of any kind  
15 or nature whatsoever to Defendants Alfred Ortiz, Jesse  
16 Basquez, Edward Ortiz, Anthony Ortiz, and Michael Garza  
17 on account of the UNUM Policy issued on the life of  
18 Barbara Basquez underlying this Action and the proceeds  
19 due and owing thereunder as a result of Barbara  
20 Basquez's death.

21  
22 **IT IS SO ORDERED.**

23 DATED: November 20, 2014

RONALD S.W. LEW

**HONORABLE RONALD S.W. LEW**  
Senior U.S. District Judge